



# HOUSE BILL 421: Promote North Carolina Sawmills.

2019-2020 General Assembly

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<b>Committee:</b>	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	<b>Date:</b>	July 24, 2019
<b>Introduced by:</b>	Reps. Sasser, Brody, Elmore, Dixon	<b>Prepared by:</b>	Trina Griffin
<b>Analysis of:</b>	PCS to Second Edition H421-CSTQf-27		Committee Co-Counsel

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**OVERVIEW:** *The Proposed Committee Substitute for House Bill 421 would allow the use of ungraded lumber in the construction of one- and two-family dwellings in limited circumstances.*

**CURRENT LAW:** The North Carolina Residential Code for One- and Two-Family Dwellings currently requires that all sawn lumber and end-jointed lumber used for load-supporting purposes be identified by a grade mark or certification of inspection issued by a lumber grading or inspection agency.

There are a few exceptions to the required use of graded lumber:

- Ungraded lumber can be used in certain farm buildings.
- To the extent a licensed engineer or architect certifies under seal that any component or element of a building complies with the Residential or Commercial Codes.
- Pursuant to an [administrative interpretation of the Department of Insurance](#), ungraded lumber may be used for the construction of a house on the owner's land if all of the following conditions are met:
  - The timber is cut from the owner's land.
  - The structure is occupied by the owner or a member of his immediate family for a period of least one year after the Certificate of Occupancy is issued.
  - The lumber meets the 19% moisture content requirement at the time of construction by being air-dried or kiln-dried.
  - The homeowner contacts the local building inspection department before the timber is cut to verify the source and use of the timber.

## BILL ANALYSIS:

**Section 1** of the PCS would establish a program in which a person may mill and offer ungraded lumber for sale for use in the construction of one- and two-family dwellings, provided the person completes a sawmill operation and lumber manufacturing training program approved by the Department of Insurance and registers with the Department of Insurance. A valid training program would have to be completed every seven years to maintain compliance with the program, but registration would remain effective as long as the person had a valid certificate providing evidence of successful completion of an approved training program. The registration fee would be \$200.00.

This section would allow ungraded lumber to be used in the construction of one- and two-family dwellings when all the following requirements are met:

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- The ungraded lumber is milled at the request of the owner of the source logs for use in the construction of the dwelling, and the dwelling will be inhabited by that person.
- The operator of the sawmill is registered with the Department of Insurance and has a valid certificate of successful completion of an approved training program.
- The source logs were harvested from private property owned by the owner of the dwelling to be constructed, or otherwise acquired by the owner through a private transaction not involving a seller or retailer engaged in the regular sale of building products.
- The ungraded lumber is sold directly from the sawmill to the owner of the dwelling to be constructed, or the owner's representative.
- The ungraded lumber is milled so that it meets or exceeds the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings other than the requirement that only grade marked or otherwise certified lumber be used in residential construction.
- The sawmill provides a local mill certification to the owner providing that the ungraded lumber satisfies requirements of the North Carolina Residential Code for One and Two Family Dwellings, other than the requirement that only grade marked or otherwise certified lumber be used in residential construction.
- The appropriate code enforcement official reviews the local mill certification and the framing of the dwelling to ensure that it meets the requirements of the North Carolina Residential Code for One- and Two-Family Dwellings in all respects other than the requirements that only grade marked or otherwise certified lumber be used in residential construction. The code enforcement official would not be liable for any structural failure that occurs as a result of the use of ungraded lumber rather than grade marked or otherwise certified lumber.

This section would also provide that the owner of a residence built with ungraded lumber may not sell or lease the residence until the owner has occupied the home for a period of not less than one year from the date the Certificate of Occupancy is issued.

**Section 2** of the PCS would direct the Building Code Council to amend the North Carolina Residential Code for One- and Two-Family Dwellings consistent with Section 1 of the PCS. This section would also direct the Department of Insurance to adopt rules consistent with Section 1 of the PCS.

**EFFECTIVE DATE:** Section 1 would become effective on the date that rules required to be adopted by Section 2 becomes effective. The remainder of the act would be effective when it becomes law.

**BACKGROUND:** In Section 11 of [S.L. 2017-211](#), the General Assembly directed the Building Code Council to study the circumstances under which it would be appropriate to use lumber that has not been grade stamped under the authority of a lumber grading bureau in construction in North Carolina, and to report its findings and recommendations to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. A link to the study can be found [here](#), which concluded that, for both financial and public safety reasons, graded lumber is preferable to ungraded lumber for buildings subject to the NC Residential and Commercial Building Codes.

*Chris Saunders, counsel to House Agriculture Committee, substantially contributed to this summary.*